

Manba Finance Limited

June 26, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	400.00	CARE BBB+; Positive	Reaffirmed
Non-convertible debentures	100.00	CARE BBB+; Positive	Assigned
Non-convertible debentures	18.12 (Reduced from 20.21)	CARE BBB+; Positive	Reaffirmed
Non-convertible debentures	22.50	CARE BBB+; Positive	Reaffirmed
Non-convertible debentures	20.00 (Reduced from 32.22)	CARE BBB+; Positive	Reaffirmed
Non-convertible debentures	10.42 (Reduced from 14.58)	CARE BBB+; Positive	Reaffirmed
Non-convertible debentures	15.62 (Reduced from 19.38)	CARE BBB+; Positive	Reaffirmed
Non-convertible debentures	50.00	CARE BBB+; Positive	Reaffirmed
Non-convertible debentures	44.44 (Reduced from 46.67)	CARE BBB+; Positive	Reaffirmed
Non-convertible debentures	50.00	CARE BBB+; Positive	Reaffirmed
Non-convertible debentures	100.00	CARE BBB+; Positive	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to debt instruments and bank facilities of Manba Finance Limited (MFL) continue to factor in the management's experience in two-wheeler (2W) financing, comfortable capitalisation levels, improving scale of operations, and profitability parameters. However, ratings remain constrained by moderate asset quality and continued geographical and product concentration, albeit improving. The company's ability to further scale up the business and improve its profitability while maintaining healthy asset quality will remain a key monitorable.

CARE Ratings Limited (CareEdge Ratings) notes that MFL successfully completed an Initial Public Offering (IPO) of 12,570,000 shares, raising ₹150.84 crore. The company was listed on the NSE and BSE on September 30, 2024. Net proceeds from the IPO have been utilised for business expansion.

Long-term instruments (NCDs) have been withdrawn basis full repayment of ISIN INE939X08042 and partial re-payment of other ISINs, as confirmed by the issuer, which is in line with the withdrawal policy of CareEdge Ratings.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade:

- Sustained scaling-up of the business with significant growth in the asset under management (AUM) of the company while also maintaining healthy asset quality and profitability metrics.

Negative factors: Factors that could individually or collectively lead to negative rating action/downgrade:

- Continued deterioration in the gross non-performing assets (GNPA/GS3) beyond 4.5% on a sustained basis.
- Lack of significant scale-up in the loan book over the medium term.
- Increase in leverage above 4x on a sustained basis.
- Proportion of secured lending dropping below 90% of AUM.
- Deterioration in profitability metrics with return on total assets (ROTA) going below 1.5% on a sustained basis.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Analytical approach: Standalone

CareEdge Ratings has analysed the standalone business profile of Manba Finance Limited.

Outlook: Positive

The positive outlook considers expected growth in scale of operations while maintaining comfortable credit cost and profitability metrics and the company's ability to secure funds at competitive rates.

Detailed description of key rating drivers:**Key strengths****Strong experience in two-wheeler financing**

MFL has been a key player in the two-wheeler financing segment since 1996, with over 28 years of experience. The company has established partnerships with over 1200 dealers, including over 60 electric vehicle (EV) dealers and operates across 73 locations in six states— Maharashtra, Gujarat, Rajasthan, Chhattisgarh, Uttar Pradesh, and Madhya Pradesh. MFL's AUM grew by 42.08% in FY25.

CARE Ratings believes that promoters' experience and their connects in the market, and ability to raise capital should help MFL in scaling up its portfolio, going forward.

Improving scale of operations along with adequate profitability metrics

MFL remains heavily reliant on the 2W segment, which constitutes a significant portion of its portfolio. As on March 31, 2025, AUM reached ₹1331.44 crore, compared to ₹937.08 crore in FY24 and ₹633.69 crore in FY23, reflecting robust growth of 42.08% in FY25 against 47.88% in FY24 and 27.80% in FY23. The portfolio is composed of 85.43% from the 2W segment, with the remainder comprising used vehicles, electric three-wheelers (3W), small business loans (SBL), and top up personal loans to non-delinquent customers. Loan disbursements in FY25 stood at ₹734.92 crore, up from ₹655.63 crore in FY24, achieving 12.09% growth. The nascent SBL portfolio scaled up to ₹45.33 crore by FY25, with its performance being a key monitorable.

With sustained volume growth in the 2W market, MFL is well-positioned to maintain its AUM expansion, leveraging its strong expertise in two-wheeler financing. Continued portfolio growth, supported by diversified funding sources, will remain critical to the company's growth trajectory.

The company reported a ROTA of 3.10% as on March 31, 2025, compared to 3.58% as on March 31, 2024. This moderation was primarily driven by an increase in asset base from IPO funding and absence of non-recurring unrealised gains of ₹11.25 from ARC sales, booked in FY24. In FY25, net interest margins improved, while operating expenses, and credit costs remained stable.

CareEdge Ratings will continue to monitor MFL's ability to significantly scale up the portfolio amidst increasing competition, and its ability to manage credit costs, operating expenses, and profitability metrics.

Adequate resource profile

MFL has an adequate borrowing profile comprising term loans (60.18%), non-convertible debentures (NCDs – 22.26%), cash credit (3.98%), and securitisation (13.33%). The company has 40 lenders as on March 31, 2025, encompassing non-banking financial companies (NBFCs), public sector banks, private banks, small finance banks, and debt funds. CareEdge Ratings observes, operating in the secured segment and with capital raised through its IPO, the company is expected to maintain steady access to credit from lenders.

Going forward, the company's ability to raise resources at competitive rates and increase stable funding from domestic banking and other lenders continues to be a key rating monitorable.

Comfortable capitalisation levels

The company maintains a comfortable capital position, with a capital adequacy ratio (CAR) of 30.09% as on March 31, 2025, well-above the regulatory requirement of 15%, ensuring ample capital for growth and loss absorption. In September 2024, the company raised ₹150.84 crore through an IPO, providing additional room for future growth. Total debt increased to ₹1075.14 crore in FY25 from ₹752.27 crore in the previous year. Gearing ratio reduced to 2.94x compared to 3.78x in the prior year. CareEdge Ratings expects the company to maintain gearing below 4x on a sustained basis.

Key weaknesses

Moderate asset quality metrics

GNPA (on-book) slightly improved to 3.68% as on March 31, 2025, compared to 3.95% as on March 31, 2024, and 3.74% as on March 31, 2023. The net stressed assets (including investment in security receipts [SR]) as a percentage of net advances stood at 4.84% as on March 31, 2025.

Considering past trends of recovery from sale of repossessed vehicles, net stressed assets (including investment in SR and 10% estimated loss on sale of repossessed vehicles) as a percentage of net advances stood at 6.09% as on September 30, 2024, against 6.81% in FY24. Loans amounting to ₹21.02 crore were sold to ARC, out of which ₹6.65 crore has been recovered till 9MFY25. The company's ability to recover/monetise the investments in security receipts will remain a key monitorable.

The provisioning coverage ratio (PCR) on stage 3 assets was 24.02% in FY25, higher than 19.99% in FY24 and 16% in FY23. The company continues its recovery efforts, achieving an average collection efficiency including overdues of 98% in the last 15 months (January 2024 to March 2025).

CareEdge Ratings believes that MFL's asset quality shall continue to remain anchored on the income profile of underlying borrowers as majority are self-employed borrowers and their cash flows remain vulnerable to economic shocks. However, the company's asset quality and profitability could still be impacted by credit costs in weaker economic cycles, hence remains to be a key rating sensitivity going forward.

Geographical and product segment concentration

The company has made progress in diversifying its product portfolio, as evidenced by the reduction in the share of two-wheeler loans, which now represent 85.43% of the total loan portfolio as of March 31, 2025, down from 90.77% as on March 31, 2024, and 95.30% on March 31, 2023. This shift is a result of the company's strategic expansion into additional loan products, such as EV 3W financing, personal loans, SBLs, and used 2W loans. Despite this diversification, the 2W segment remains the company's primary focus.

The company operates across Maharashtra, Rajasthan, Gujarat, Chhattisgarh, Uttar Pradesh, and Madhya Pradesh. Its network expanded from 55 locations in FY23 to 64 in FY24 and further to 73 in FY25. The portfolio continues to remain concentrated in Maharashtra, representing 69.02% of the loan book as on March 31, 2025, down from 99% in FY19. Gujarat accounts for 14.58%, bringing the combined share of these two states to 83.60%. The remaining portfolio is distributed across Rajasthan (8.02%), Chhattisgarh (6.49%), Madhya Pradesh (1.36%), and Uttar Pradesh (0.53%).

The 2W loan industry faces several risks that can impact lenders and borrowers alike, since MFL serves underserved geographies and vulnerable customers, where economic fluctuations and income instability can lead to higher default rates. Resale value of 2Ws can depreciate quickly, affecting collateral value for lenders. Regulatory changes and market competition also pose risks, as they can influence interest rates and loan terms. The company's ability to maintain asset quality while expanding into newer locations/ product segments continue to be a key monitorable.

Liquidity: Adequate

MFL has no negative cumulative mismatches across all time buckets. As on March 31, 2025, MFL had cash and cash equivalents and liquid investments of ₹199 crore and advances of ₹407 crore against contractual debt obligations of ₹351 crore for the next six months. CareEdge Ratings believes that the cash and expected inflows from advances are substantial for meeting the company's expected outflows.

Applicable criteria

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios - Financial Sector](#)

[Withdrawal Policy](#)

[Non Banking Financial Companies](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial Services	Financial Services	Finance	Non-Banking Financial Company (NBFC)

MFL is a Mumbai-based RBI-registered NBFC, specialising two-wheeler (2W) financing and was listed on NSE and BSE on September 30, 2024. It also offers 3W loans, small business loans, personal loans, and is expanding into EV financing. Established in 1996, MFL has partnered with over 1,200 dealers, including 60+ EV dealers as of March 31, 2025. The company has a presence in 73 locations across six states—Maharashtra, Gujarat, Rajasthan, Chhattisgarh, Uttar Pradesh, and Madhya Pradesh.

MFL - Standalone financials

Brief Financials (₹ crore)	FY23 (A)	FY24 (A)	FY25 (A)
Total income	133.32	191.63	250.45
PAT	16.58	31.42	37.80
Adjusted total assets*	784.98	972.23	1462.79
Net NPA# (%)	3.14	3.16	2.79
ROTA (%)	2.47	3.58	3.10

A: Audited; Note: these are latest available financial results

*Adjusted total assets: Total assets adjusted for deferred tax assets and intangible assets

#Calculated on the loan book

Status of non-cooperation with previous CRA:

None

Any other information:

Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Debentures-Non Convertible Debentures	INE939X08034	17-May-2024	11.50	17-May-2026	10.00	CARE BBB+; Positive
Debentures-Non Convertible Debentures	INE939X07119	23-Feb-2024	13.25	28-Feb-2026	10.00	CARE BBB+; Positive
Debentures-Non Convertible Debentures	INE939X07093	10-Oct-2023	12.60	10-Oct-2025	10.42	CARE BBB+; Positive
Debentures-Non Convertible Debentures	INE939X07085	26-Sep-2023	12.60	26-Mar-2026	8.33	CARE BBB+; Positive
Debentures-Non Convertible Debentures	INE939X07101	27-Dec-2023	12.60	27-Dec-2025	7.29	CARE BBB+; Positive
Debentures-Non Convertible Debentures	INE939X07127	05-Mar-2024	12.60	05-Mar-2026	17.50	CARE BBB+; Positive
Debentures-Non Convertible Debentures	INE939X07168	20-Jan-2025	11.50	20-Jul-2026	25.00	CARE BBB+; Positive
Debentures-Non Convertible Debentures	INE939X07077	03-Aug-2023	12.6	03-Aug-2025	3.12	CARE BBB+; Positive
Debentures-Non Convertible Debentures	INE939X07143	31-Jul-2024	11.75	31-Jul-2026	20.00	CARE BBB+; Positive
Debentures-Non Convertible Debentures	INE939X07150	28-Aug-2024	11.75	28-Aug-2026	30.00	CARE BBB+; Positive
Debentures-Non Convertible Debentures	INE939X07135	26-Jun-2024	11.75	26-Jun-2026	14.44	CARE BBB+; Positive
Debentures-Non Convertible Debentures	INE939X07184	27-Mar-2025	11.35	27-Oct-2025	25.00	CARE BBB+; Positive

Debentures-Non Convertible Debentures	INE939X07192	09-May-2025	11.25	09-Feb-2027	25.00	CARE BBB+; Positive
Debentures-Non Convertible Debentures	INE939X07176	28-Feb-2025	11.50	28-Sep-2026	25.00	CARE BBB+; Positive
Debentures-Non Convertible Debentures	INE939X07218	05-Jun-2025	11.35	25-Nov-2027	15.00	CARE BBB+; Positive
Debentures-Non Convertible Debentures	INE939X07200	05-Jun-2025	11.30	05-Jun-2027	35.00	CARE BBB+; Positive
Debentures-Non Convertible Debentures	INE939X08059	17-Jun-2025	11.50	17-Feb-2027	20.00	CARE BBB+; Positive
Debentures-Non Convertible Debentures (Proposed)	-	-	-	-	130.00	CARE BBB+; Positive
Debentures-Non Convertible Debentures	INE939X08042	21-May-2024	11.00	23-May-2025	0.00	Withdrawn
Fund-based - LT-Cash Credit	-	-	-	-	50.50	CARE BBB+; Positive
Fund-based - LT-Cash Credit (proposed)	-	-	-	-	24.50	CARE BBB+; Positive
Term Loan-Long Term	-	-	-	10-Mar-2028	233.55	CARE BBB+; Positive
Term Loan-Long Term (proposed)	-	-	-	-	91.45	CARE BBB+; Positive

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Term Loan-Long Term	LT	325.00	CARE BBB+; Positive	1)CARE BBB+; Positive (03-Jun-25)	1)CARE BBB+; Positive (03-Jan-25) 2)CARE BBB+; Stable (29-Jul-24)	1)CARE BBB+; Stable (28-Feb-24) 2)CARE BBB+; Stable (31-Oct-23) 3)CARE BBB+; Stable (25-Sep-23) 4)CARE BBB+; Stable (28-Jul-23)	1)CARE BBB+; Stable (10-Mar-23)
2	Fund-based - LT-Cash Credit	LT	75.00	CARE BBB+; Positive	1)CARE BBB+; Positive (03-Jun-25)	1)CARE BBB+; Positive (03-Jan-25) 2)CARE BBB+; Stable (29-Jul-24)	1)CARE BBB+; Stable (28-Feb-24) 2)CARE BBB+; Stable (31-Oct-23) 3)CARE BBB+; Stable (25-Sep-23) 4)CARE BBB+; Stable (28-Jul-23)	1)CARE BBB+; Stable (10-Mar-23)
3	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (28-Jul-23)	1)CARE BBB+; Stable (10-Mar-23)
4	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (31-Oct-23)	1)CARE BBB+; Stable

							2)CARE BBB+; Stable (25-Sep-23) 3)CARE BBB+; Stable (28-Jul-23)	(10-Mar-23)
5	Debentures-Non Convertible Debentures	LT	18.12	CARE BBB+; Positive	1)CARE BBB+; Positive (03-Jun-25)	1)CARE BBB+; Positive (03-Jan-25) 2)CARE BBB+; Stable (29-Jul-24)	1)CARE BBB+; Stable (28-Feb-24) 2)CARE BBB+; Stable (31-Oct-23) 3)CARE BBB+; Stable (25-Sep-23) 4)CARE BBB+; Stable (28-Jul-23)	-
6	Debentures-Non Convertible Debentures	LT	22.50	CARE BBB+; Positive	1)CARE BBB+; Positive (03-Jun-25)	1)CARE BBB+; Positive (03-Jan-25) 2)CARE BBB+; Stable (29-Jul-24)	1)CARE BBB+; Stable (28-Feb-24) 2)CARE BBB+; Stable (31-Oct-23) 3)CARE BBB+; Stable (25-Sep-23)	-
7	Debentures-Non Convertible Debentures	LT	20.00	CARE BBB+; Positive	1)CARE BBB+; Positive (03-Jun-25)	1)CARE BBB+; Positive (03-Jan-25) 2)CARE BBB+; Stable (29-Jul-24)	1)CARE BBB+; Stable (28-Feb-24) 2)CARE BBB+; Stable (31-Oct-23) 3)CARE BBB+; Stable (25-Sep-23)	-

8	Debentures-Non Convertible Debentures	LT	10.42	CARE BBB+; Positive	1)CARE BBB+; Positive (03-Jun-25)	1)CARE BBB+; Positive (03-Jan-25) 2)CARE BBB+; Stable (29-Jul-24)	1)CARE BBB+; Stable (28-Feb-24) 2)CARE BBB+; Stable (31-Oct-23)	-
9	Debentures-Non Convertible Debentures	LT	15.62	CARE BBB+; Positive	1)CARE BBB+; Positive (03-Jun-25)	1)CARE BBB+; Positive (03-Jan-25) 2)CARE BBB+; Stable (29-Jul-24)	1)CARE BBB+; Stable (28-Feb-24)	-
10	Debentures-Non Convertible Debentures	LT	50.00	CARE BBB+; Positive	1)CARE BBB+; Positive (03-Jun-25)	1)CARE BBB+; Positive (03-Jan-25) 2)CARE BBB+; Stable (29-Jul-24)	-	-
11	Debentures-Non Convertible Debentures	LT	44.44	CARE BBB+; Positive	1)CARE BBB+; Positive (03-Jun-25)	1)CARE BBB+; Positive (03-Jan-25)	-	-
12	Debentures-Non Convertible Debentures	LT	50.00	CARE BBB+; Positive	1)CARE BBB+; Positive (03-Jun-25)	1)CARE BBB+; Positive (03-Jan-25)	-	-
13	Debentures-Non Convertible Debentures	LT	100.00	CARE BBB+; Positive	1)CARE BBB+; Positive (03-Jun-25)	-	-	-
14	Debentures-Non Convertible Debentures	LT	100.00	CARE BBB+; Positive				

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities

Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Debentures-Non-Convertible Debentures	Simple
2	Fund-based - LT-Cash Credit	Simple
3	Term Loan-Long Term	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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